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CENTRAL INTELLIGENCE AGENCY

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 SECURITY INFORMATION

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**INFORMATION REPORT**

REPORT

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SUBJECT Priority Requirements of the DDR Railroads

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SUPPLEMENT TO REPORT

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1. The most urgent requirement of the DDR railroads at present is for boiler tubing, [redacted] Railroad authorities will accept any quantity regardless of price and are even prepared, as a last resort, to accept seamless gas piping. 25X1
2. Second only to boiler tubing is the requirement for 25 mm. boiler plate, of which railroad authorities will accept unlimited quantities. If necessary, they will accept 4.1-meter plates and weld them together in lieu of the standard 14.2-meter plate.
3. In the case of both commodities the railroad administration insists on delivery within 30, 40 or, at the latest, 60 days. Higher prices are paid for delivery within 30 days.
4. Need for these top priority requirements is so urgent the purchasers are prepared to pay the purchase price in advance. They are also offering DDR steel scrap as barter.
5. A less pressing requirement is for 10,000 tons of "French-type" rails, which must be "resistant to cold". The rails are not to be used by the railroads.
6. The railroads have been obtaining small quantities of boiler tubing from Metalimpex, Budapest, [redacted] allegedly without realizing the Hungarian origin. These tubes are of inferior quality; of about 200 tons delivered to date, 40 tons have been definitely rejected for one or more of the following reasons: 25X1
  - a. The external diameter has been anything up to 149 mm. rather than the stipulated 146 mm.

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- b. The thickness of the wall has been anything up to 7 mm; the stipulated thickness was 4.5 mm.
- c. The tubing has not been round.
- d. The material has been inferior to ST 3712.
7. The China Export Corporation GmbH has made the following recent deliveries of boiler tubing to the railroads:
- a. 100 tons bought, [REDACTED] at \$420 per ton and sold to the railroads at \$397 per ton.\*
- b. About 300 tons bought [REDACTED] and said to be inferior-quality [REDACTED]
8. These deliveries were made under an agreement by which the China Export Corporation obtained DDR sugar for export against a promise to deliver tubing to the railroads. The sugar was sold for 1.2 million dollars, most of which the corporation has appropriated for its own use.
9. The ensuing dispute between the corporation and the railroads was settled at a recent conference. Conferees were Richard Staimer, current deputy managing director of the railroads, Ernst Ramlow of the China Export Corporation, and DDR State Secretary for Material Procurement Erwin Kerber. At this conference Kerber stressed that a quarrel between the corporation and the railroads must be avoided at all costs and promised financial assistance to the corporation.

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